THE
HOLLYWOOD
PARTNERSHIP

March 10, 2021

Samantha Millman
Los Angeles City Planning Commission President

Subject: case number CPC-2016-1450-CPU

Dear Ms. Millman,

Please accept this letter as public comment on the Draft Hollywood Community Plan Update (HCPU) and the Community Plan Implementation Overlay (CPIO) on behalf of The Hollywood Partnership. Our organization manages the Hollywood Entertainment District Business Improvement District (HED BID), which this year celebrates 25 years of property owners coming together to voluntarily tax themselves to raise revenue needed to manage and improve the community. The HED BID is primarily located within the Regional Center of the HCPU / CPIO. We also submitted detailed letters dated Nov 19, 2020 and February 16, 2021 in advance of the two public hearings held previously on the HCPU/CPIO and are pleased to see many of those recommendations reflected in the most recent drafts. We now respectfully offer additional feedback from property owners directly affected by the plan.

We commend City Planning staff for innovating on the last draft by creating the public open space incentive tool for non-residential uses. Hollywood is already an open-space deprived neighborhood, so this tool helps provide greater equity within the plan for supporting job creation while providing a sorely needed community benefit. However, there are certain provisions of the open space requirement, such as the restroom requirement, which will make this tool operationally challenging and may inhibit its utilization. Already in Hollywood, even public facilities such as parks and the library have shifted away from providing publicly accessible facilities due to drug abuse, prostitution, and intentional, senseless damage occurring within them. Unfortunately, for any such facility to be provided responsibly, they must be coupled with dedicated, on-site management and supervision which adds significant cost to the well-intended idea. **We recommend relaxing these operational requirements to get the open space that the community sorely needs. Additionally, we recommend instituting an in-lieu fee option toward the density bonus for commercial buildings.**

The latest draft of the CPIO also includes some significant changes that will improve the current, litigious climate for entitlements. These lawsuits add time and cost to projects which only result in higher rents, challenges to affordability and reduction in housing production. Increasing the site plan review threshold to 200 units for residential projects that hit their inclusionary mark is a huge step forward. However, **the CPIO should also reference a corresponding building area of 200,000 square feet and eliminate the 1,000 average daily trips as site plan review qualifiers. Additionally, the same consideration should be applied to non-residential buildings qualifying for density bonuses through the provision of publicly accessible open space.**

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Expanding allowable ground floor land uses through a change from C4 to C2 zoning opens the opportunity for more businesses and creative uses to fill vacant storefront space inside the Regional Center. Pre-pandemic, the regional center area had a 20% vacancy rate for ground floor space, and it now stands at nearly 25%. We will need innovation and creativity to help backfill that space. **With regards to the ancillary impact of C2 zoning affecting open-air / rooftop dining above the second floor, we recommend modifying their prohibition to stating that the use would require a conditional use permit.**

For projects that meet affordability requirements and changes of ground floor use, removing the mandate of parking provision from the auspices of zoning makes a lot of sense. Investors and developers are best poised to assess the amount of parking needed to support their projects and given the dynamic and evolving nature of mobility preferences, should be empowered to make that type of decision rather than it be calculated by an antiquated land use metric.

Within the areas that require additional improvement, we believe there is a major opportunity lost in not powering-up the transferable density tool by enabling more FAR to be transferred from historic properties. Considering the rough condition of and seismic retrofit required for some of our most troubled historic assets, it would provide a significant public benefit to increase the allowable heights within the historic district to create more value that can be invested into the retrofit and preservation of these assets while enabling greater density elsewhere within the plan area that does not detract from the integrity of the historic district
On the topic of preservation, we also recognize the need to preserve Hollywood's historic buildings but are concerned any proposed approach to extend height limits onto proximal, non-historically protected buildings. Blanket height limits are not an appropriate tool for a dynamic, mixed-use Regional Center. Historic districts and buildings should be managed through their requisite historic preservation and landmarking processes which are more targeted and would not inhibit growth on sites that do not share a comparable historic or cultural significance.

Finally, we were *shocked* to see the base 4.5:1 to 3:1 FAR reduction in the recent draft. Housing is a product. Like all products, the process of building new housing includes many different costs – some of which are commodities such as building materials and fixtures, whereas others are scarce resources such as land, precision engineering or striking architectural design. Often in the most substantial cost for developing in Los Angeles is the inflated cost of land, which has no controls for pricing. Moreover, developable land is extremely limited inside the Regional Center, usually on sites less than half an acre in size which results in a need to go vertical to ensure that a project is financially viable. Indeed, there are not many areas for reducing the cost of housing production, and LA's notoriously litigious climate only adds years of carrying cost and settlements to the pricing of the final product. These challenges play out in the delivery of housing in Los Angeles, where the creation of this housing severely lags the national average (one unit permitted for every 1.8 jobs added) with a product delivery rate of only one unit permitted per 3.2 jobs added. As a result, Los Angeles experiences the second lowest vacancy rate for any metropolitan statistical area in the U.S., thus exacerbating the affordability crisis through a predictable upward pressure on pricing.

To produce affordable housing and effectively make the product cost less to consumers, developers generally have two options: (1) plug the gap in operating revenue via accessing a hyper-competitive financial tool such as low-income housing tax credits, Measure HHH funding and/or developing on land provided through a community land trust, or (2) reallocate the lost revenue across the market-rate units, effectively inflating the cost to consumers for the majority share of units in a mixed-income project. **Unfortunately for mixed-income projects in Hollywood – access to financial subsidy tools is non-existent, meaning that the only path forward for delivering affordable housing is through cost reallocation.** Only two of

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the 19 residential projects in the pipeline inside the HED BID have received financial subsidies to offset the cost of building affordable housing. Importantly - both of those projects are 100% affordable, meaning that they do not have market rate units to which cost can be reallocated.

Simply put, lower allowable density results in a glass ceiling on the number of units that can carry a project's reallocated cost burden. There will simply be fewer units to spread the cost, and in a competitive market, those units run the risk of being priced above market norms. As such, the project will either need to be marketed as "luxury" to justify the higher rents or worse, be deemed infeasible and not be built, thereby worsening the production shortages referenced above. To maximize the feasibility of the number of affordable housing units that can be provided, land should be provided with higher FARs so that the total number of market rate units that can be delivered is greater. **Reducing density will have the unintended consequence of making all housing less financially feasible to develop and therefore undermine the plan's goal of producing the desired affordable housing.**

In relation to the plan development process, area property owners and stakeholders spent years working with City Planning staff to help inform the base FAR map recommended by planning staff in the August 2020 CPIO draft. Further, the 33% reductions in base FAR included in the Feb 2021 draft of the CPIO for about half of the Regional Center disregards the years of progress made in strengthening Hollywood's role as an employment center and economic generator for the City of LA. In Hollywood, employment grew 20% between 2002 and 2010, outpacing job growth in Council District 13, the City, and the region. Between 2010 and 2017, Hollywood added 8,000 jobs for a growth rate of 36%—again, far exceeding the rate of growth for its larger geographic contexts. Considering the opportunity to attract major job creators to Hollywood, and given the unintended consequence and valuation associated with suppressed density, providing the opportunity to develop at higher FARs will better facilitate the land assemblages large enough to attract companies interested in a Hollywood location. For the benefit of the people of Los Angeles, the City's regulatory framework should support the direction of the market, not restrain it.

The HCPU/CPIO should honor the years of work that went into creating the August 2020 base FAR map and not overcorrect in a manner that has severe consequences to the development of essential land uses. **We request that the base FAR map from the August 2020 draft be reinstated, and that CPIO offer the elevated site plan review threshold as the incentive for accommodating the affordable housing marks.** Time and predictability are valuable incentives that will help deliver the affordable housing intended by the CPIO bonus program and likewise encourage investment in our community.

Thank you for the opportunity to submit a third round of public comment on the HCPU / CPIO. An updated community plan and zoning are critical for Hollywood, especially considering that the current plan is over three decades old. To that end, this plan should be approached as also having a very long shelf life ahead, and mindfully, ensuring that it is the right plan for the long-term growth of Hollywood and not overly reflexive to contemporary pressures. We welcome your continued partnership in advancing this important plan for the community.

Sincerely,

Kristopher Larson, AICP
President & CEO

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